

TO: THE MEMBERS OF THE RUTHERFORD COUNTY BOARD OF COUNTY COMMISSIONERS

The proposed budget for fiscal year 2004-2005 is presented for your consideration. This budget is based on a tax rate of 62 cents per \$100 valuation. The following budget message is divided into the following sections:

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I. INTRODUCTION

The requests from county departments and agencies (excluding the schools, college, and purchase of land) went from \$29,383,611 in FY 2003-2004 to \$29,792,841 in FY 2004-2005 or an increase of 1.39%. The County Schools and college are the major outside agencies funded by the county. The County Schools received \$9,504,147 in FY 2003-2004 and are requesting \$10,506,927 in FY 2004-2005. This \$1,002,780 increase is approximately 10.55%. Likewise, the college received \$1,379,202 in FY2003-2004 and are requesting \$1,503,275 in FY2004-2005. This \$124,073 increase is 9.0%. The total budget requests by departments and agencies were \$43,177,008. These requests, if fully funded, would have necessitated a tax rate of 67.5 cents.

In order to provide a reasonable increase and a point ¹ for budget deliberations to begin, it is recommended

that schools, college, and special appropriations be budgeted at a 4.0% increase. During budget discussions, the Board may wish to consider additional increases that could be safely made within the 62 cents tax rate. We have consistently stated in the past, historical data and financial projections of the county are that 1% of the general fund would be unspent at the end of any fiscal year. Thus based on a \$41,111,524 budget, it is estimated that \$400,000 could be budgeted without any reduction in fund balance. In addition, based on the current fund balance, we would not hesitate to recommend to the Board to budget up to \$600,000 of the current fund balance. This could bring the total fund balance budgeted to \$1,000,000 (net \$600,000). However, the greater the fund balance the Board considers budgeting in excess of \$400,000, we recommend that one time only projects be more highly considered particularly as the fund balance amount approaches \$1,000,000. If the Board concurs with this philosophy, it allows you greater flexibility to consider items requested but not funded. A more detailed report on the Fund Balance is on page 12.

Based on the 4% increase used for the schools and college, the total budget went from \$40,813,704 to \$41,111,524 which represents a 2.07% increase.

The chart below represents the current amended budget for FY 2003-2004 and the requested and recommended budget for FY 2004-2005.

FY 2004-2005 RUTHERFORD COUNTY BUDGET							
	AMENDED BUDGET FY 2003-2004	REQUESTED BUDGET FY 2004-2005	INCREASE	% CHANGE	RECOMMENDED BUDGET FY2004-2005	INCREASE	% CHANGE
County Department- Less School & College	29,383,611	31,166,806	1,783,195	6%	29,792,841	409,230	1.39%
Schools	9,504,147	10,506,927	1,002,780	10.55%	9,884,313	380,166	4%
College	1,379,202	1,503,275	124,073	9%	1,434,370	55,168	4%
Land Purchase	546,744						
Total	40,813,704	43,177,008	2,363,304	5.8%	41,111,524	844,564	2.07%

II. HIGHLIGHTS OF BUDGET INCREASES

The 2004-2005 recommended budget is approximately 2.07% higher than the 2003-2004 budget. The chart below illustrates the major item of increased expense. Following the chart is a brief explanation of each item.

MAJOR INCREASES IN EXPENSE ITEMS			
	FY 2003-04	FY 2004-05	NET Change
	BUDGET	BUDGET	
Board of Elections (primary expense)		23,628	Primary and general election \$23,628
Building Projects	\$336,355	\$429,600	\$93,245
Communications	\$0	\$30,158	\$30,158
Department of Social Services	\$6,616,650	\$6,630,952	\$14,302
Health Insurance	\$794,946	\$914,188	\$119,242
Isothermal Community College	\$1,379,202	\$1,434,370	\$55,168
Liability Insurance	\$458,465	\$483,302	\$24,837
Rutherford County Schools	\$9,504,147	\$9,884,313	\$380,166
Sheriff Department		\$41,371	\$41,371
Transfer to Revaluation Reserve	\$230,293	\$260,000	\$29,707
Unemployment Claims	\$27,460	\$68,618	\$41,158
TOTAL	\$19,347,518	\$20,200,500	\$852,982

Board of Elections

Due to the fact that primary elections will not be held in FY 2003-2004, the Board of Elections has budgeted for both the primary and general election in the FY 2004-2005 budget at an increased cost of \$23,628.

Building Projects

The building fund requests are discussed more fully in Appendix A. Building projects are funded by the county at a 20% share of the one cents sales tax with the County Schools receiving the other 80%. The increase in building projects is \$93,245 from \$336,355 in FY 2003-2004 to \$429,600.

Communications Center

Two additional telecommunicators were funded in FY 2003-2004 beginning on January 1, 2004. Based on the fact that these telecommunicators were funded in FY 2003-2004 for six months, the additional six months cost is \$30,158.

Department of Social Services

A full discussion of the Department of Social Services budget request is in the Department Information Book on page 514. The chart below illustrates the major items requested. The total increase is \$14,302.

	Selected DSS	Expenditures	Categories
Category	2003-2004 budget	2003-2004 estimated	2004-2005 request
Medicaid	\$3,600,000	\$3,208,177	\$3,600,000
Special Assistance	\$1,183,482	\$1,147,868	\$1,156,976
Total for expenditures	\$6,616,650	\$6,000,000	\$6,630,952

Health Insurance

FY 2003-2004 was the first year of Rutherford County's partially self-funded health insurance plan. It is estimated that the loss ratio of claims to premiums in FY 2003-2004 will be approximately 75%-80% in this initial year. Based on this estimate the plan would have been \$500,000 to \$600,000 unspent as of 6-30-04. The maximum claims exposure for FY 2004-2005 is estimated at \$3,401,222 or an increase of approximately 32%. By leveraging the estimated \$500,000 to \$600,000 that will be unspent on 6-30-04, the increase in premium is 15%. The estimated health insurance increase is \$119,242.

Isothermal Community College

Isothermal Community College expenditures are recommended to increase from \$1,379,202 to \$1,434,370, an increase of 4.0% or \$55,168.

Liability Insurance

The county liability insurance has increased \$24,837 or 5.42% from \$458,465 to \$483,302.

Rutherford County Schools

Rutherford County Schools would increase from \$9,504,147 in 2003-2004 to \$9,884,313 in 2004-2005. This is a \$380,166 increase or 4%.

Sheriff's Department

Two additional road deputies were funded in FY 2003-2004 beginning on January 1, 2004. Based on the fact that these deputies were funded in FY 2003-2004 for six months, the additional six months cost is \$41,371.

Transfer to Revaluation Reserve

In order to plan for the next revaluation, the county budgets dollars each year between revaluations. The county has increased the dollars in FY 2003-2004 from \$230,293 to \$260,000 in FY 2004-2005. This is a \$29,707 increase.

Unemployment Claims

Unemployment Claims in FY 2003-2004 were budgeted at \$27,460. FY 2004-2005 estimates provided by the state are \$68,618. Those costs are budgeted in each department's budget. The increase is \$41,158.

Amounts need to be allocated to each department as follows:

Communications	\$ 5,732
Detention Center	\$40,769
EMS	\$ 110
Maintenance	\$ 229
Sheriff	\$ 3,433
Social Services	\$ 7,229
Solid Waste	\$ 31
Task Force	\$ 9,384
Tax	<u>\$ 1,701</u>
Total	\$68,618

III. POTENTIAL ITEMS FOR BUDGET EXPANSION

The following items are recommended for County Commissioner review for consideration for inclusion in the FY 2004-2005 budget.

Budget Expansion FY 2004-2005

Business and Technology Centers	\$ 30,000
Cost of Living	\$201,400
Isothermal Community College	\$ 68,905
Natural Resource Inventory	\$ 5,000
Position Request	\$620,424
Rutherford County Schools	\$622,614
Satellite EMS Stations	\$20,000 plus

Business & Technology Centers

The ENC Initiative has lead in the establishment of four Business and Technology Centers in North Carolina. Rutherford County has received preliminary designation for one of the next two centers. Appendix B has several documents on these centers. A six month planning process is highly recommended if the county wishes to pursue this initiative. Approximately \$30,000 is budgeted for this planning. A thumbnail sketch of these centers is as follows:

Telecenters were envisioned to serve the following purposes:
 Stimulate technology-based economic development and create jobs
 Assist businesses, entrepreneurs, and self-employed individuals
 Promote the use of technology and the Internet to all sectors of the community
 Provide technology services and resources to small businesses, community organizations, and individuals
 Provide training programs and classes, especially as related to technology and the internet
 Provide a public access site

Cost of Living-The Consumer Price Index increased 1.9% in calendar year 2003. \$201,400.

Isothermal Community College-The County budget funded the college a 4% increase. The college requested a 9% increase. The amount of the request unfunded is \$68,905.

Natural Resource Inventory

The Arts, Parks, and Recreation Committee have provided information on a Natural Resource Inventory. This request to secure this funding would require \$5,000 in county funding. Approximately 90 of 100 counties have completed this inventory. More information is in Appendix C.

Rutherford County Schools-The County budget funded the schools at a 4% increase. The schools requested a 10.55% increase. The amount of the request unfunded is \$622,614.

Satellite EMS Stations-\$20,000 plus --Rutherford County is geographically large and as the map in Appendix D shows, our size contributes to considerable disparity in time required for a Paramedic ambulance to reach citizens with emergency medical needs.

A generally accepted standard for response times are 90% of emergency calls with response time of nine minutes or less for urban areas and 15 minutes rural.

Response time standards defined in National Fire Protection Association (NFPA) 1710 show deployment of first responders with an Automatic External Defibrillator (AED) within four minutes at least 90% of the time, Basic Life Support (BLS) within four minutes at least 90% of the time, and Advanced Life Support (ALS) within eight minutes at least 90% of the time. The National League of Cities acknowledges the same standards and The American Heart Association (AHA) states that defibrillation should be initiated within 5 minutes of cardiac arrest. Even when CPR is started early after cardiac arrest, every minute defibrillation is delayed reduces a patient's survival rate by up to ten percent. Gaston County uses 8 minutes and 59 seconds as their standard and investigates and takes corrective measures when the goal is not met.

Percent of Rutherford County EMS calls meeting 9 and 15-minute response.

	1998	1999	2000	2001	2002	2003
9 minutes or less	34 %	34%	30%	32%	36%	35%
15 minutes or less	67%	70%	64%	67%	75%	73%
Time at which 90% is reached or exceeded.	23 minutes	22 minutes	44 minutes	30 minutes	21 minutes	21 minutes

Total Calls (Includes non-emergency)*	6306	7060	6875	7270	6928	7261
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Another factor contributing to response times is staffing vs. call volume.

This creates situations of ambulances being "out of place" when the only available ambulance is just returning from a more distant area (sometimes out of county or even state), and another emergency is dispatched. Other examples are when all ambulances are already on calls when an emergency is dispatched -- in 2002 this occurred 212 times.

EMS Field Staffing change 1988 - 2004

	1988	1994	2002	2003
# Of Field Staff	*16	18	20	20
Calls	4775	5844	6928	7261

As a point of reference, collectively, the rescue squads had 1837 responses in 2003.

* In 1998, EMS had 16 field staff - No information regarding changes prior to 1988.

Improving this situation in response times can be achieved by developing and staffing three satellite stations located throughout the county. This could be accomplished by opening one per year over a three-year or longer period.

Another improvement could be achieved through implementing Emergency Medical Dispatch (EMD). This program trains dispatchers to proceed through a defensible series of questions to determine a priority for the call. This would allow responses based on severity of need, rather than first come first serve as we currently have and provides better allocation of resources.

In addition to the training, more telecommunicators would need to be added to the current system. Because of the increased time telecommunicators would spend on calls, four telecommunicators per shift would probably be needed to consider this request.

This report serves as a beginning point for discussion during the budget process.

The three station locations are recommended to be in the following general locations throughout the county: southern, east or mid-northeast and west. The location for the west seems clear; when the county built the western library/EMS building, the EMS portion was expanded to accommodate future occupancy by EMS.

Location/Facility Cost *Estimates* are as follows:

Western, furnishing, supplies & possibly utilities ~\$20,000

East & South -- Acquire/purchase/lease/rent/ appropriate property and prepare adequate quarters ~125,000/each.

Therefore, the preparation of station(s) could be achieved for as little as \$20,000 to as much as \$270,000.

Staffing: Six employees¹ per station for 24/7 coverage ~ \$215,000/year

1. In regards to staffing, after the second satellite station is staffed, it is suspected that results would show no significant detriment to removing a crew from the central station to staff the third satellite. If that proves to be correct, then three stations could be opened with 12 new employees at a total annual personnel cost of additional staff (including taxes, insurance, retirement, etc) for \$430,000.

New Position Request

Rutherford County Department heads have requested 22 new positions to be funded from the General Fund in the 2004-2005 budget. The rationale is described in the Department Information Book by each department head. The manager budget does not recommend any employees funded by the General Fund. It is recommended that the department heads be allowed to present their case for additional employees in a special budget workshop. Due to the varied nature of the request, the county manager would request commissioner input into this decision making process. This process will assist the manager in determining County Commission budget priorities.

Although no funds are reserved for additional employees, due to the needs that are behind some positions, additional expenditure from the fund balance could be considered.

FY 2004-2005 New Position Requests

Department		Salaries	Salaries with fringe
Detention Center	Administration Asst	\$ 26,729	\$ 36,655
EDC	Research Analyst	29,577	40,004
EDC	Assistant Director	60,044	75,869
Library (*1) (*5)	Library Assistant	20,159	29,988
Register of Deeds(*1) (*6)	Deputy Register of Deeds	20,159	29,988
Senior Center	Rover	18,796	27,326
	Volunteer Coordinator	24,127	33,596
	Janitor	15,012	22,878
Sheriff Department	Detective	31,627	50,104
Social Services (*2)	Nine positions requested	101,344	142,682
Tax Office (*3)	DMV Specialist	24,127	33,595
	Paralegal	26,398	36,265
	Appraisal Tech.	24,127	33,595
Transit (*1, 4, and 7)	Administration Assistant	19,266	27,879
Total		\$441,492	\$620,424

- *1. These positions, if funded, will eliminate part time positions
- 2. Following is a list of the positions requested by the Department of Social Services. In Appendix E is a prioritized list of the positions requested by DSS.
- 3. In Appendix E is a prioritized list of positions requested by the Tax Department.
- 4. This position is funded by revenues from the Transit Fund. This department is an Enterprise Fund and is separate from the General Fund.
- 5. If the full time position were funded \$9,494 in part time salaries would be eliminated. Therefore, the net increase to the Library Budget would be \$20,494.
- 6. If the full time position were funded, \$8,817 in part time salaries would be eliminated. Therefore, the net increase to the Register of Deeds Budget would be \$21,171.
- 7. If the full time position were funded, \$12,997 in part time salaries would be eliminated. Therefore, the net increase to the Transit Budget would be \$14,882.

IV. DEPARTMENTAL UPDATES

Alarm Monitoring, Bass Tracker Sewer, Economic Development Commission, Information Resource Management Study, Mental Health Update, Pay Classification Study, Water and Sewer Fund.

Alarm Monitoring Fee

Beginning January 1, 2004, Rutherford County began charging \$180.00 annually to monitor alarms at the Rutherford County Communications Center. The chart below reflects the first year's experience based on that fee.

Alarms Billed	1080
Alarm Services Cancelled	47
Alarms Paid 3-30-04	450
Alarm Payment expected prior to 6-30-04	350

The County is working on issues relating to a second billing and the disconnection process for those that have not paid.

Bass Tracker Sewer

Forest City and Rutherford County awarded grants for the sewer line installation and lagoon clean-up for the Tracker Plant. The total grant awarded for all projects is \$977,500. The Industrial Development Funds and Appalachian Regional Commission Funds were awarded to Forest City. The Rural Center Funds were awarded to the county. This was considered one project that Forest City and the county jointly proceeded to complete. The current budgeted estimates are as follows:

Industrial Development Funds	\$ 500,000
Appalachian Regional Commission Funds	\$ 188,000
Rural Center Funds	\$ 289,500
Local Funds	<u>\$ 28,950</u>
Total	\$1,006,450

Forest City and Rutherford County jointly committed to providing the local match for the Rural Center funds or \$14,475 respectively.

Economic Development Commission

Last year EDC presented a marketing plan to the County Commissioners which reflected a major new emphasis in their budget. Highlights of their budget are shown in the chart below. The major change in FY2004-2005 is in the area of additional staff. Those positions are more fully discussed in the section New Position Request in the Departmental Information Book.

ECONOMIC DEVELOPMENT FUNDS

	Budgeted 2003-2004	Requested 2004-2005
New Positions	-0-	\$115,913
Professional Services	\$20,000	\$30,000
Client Development	\$41,000	\$20,000
Advertising	\$64,365	\$-0-
Capital Equipment/Renovation		\$24,649
Total Operating (excluding incentives)	\$389,425	\$359,231

Mental Health Update

As of July 1, 2004, Rutherford County will be part of the eight county Western Highlands, LME. In order to continue Rutherford County's Maintenance of Effort, \$102,168 has been budgeted to Western Highlands, LME. Reports and updates will continue during the FY2004-2005 year as the reform process proceeds.

Old Jail Parking

Final disposition of the old jail building parking has not been determined at the budget submission date. The county had previously estimated \$65,000 to demolish the structure and pave the lot. The \$65,000 estimate could still be used; however, a parking study completed in early 1990 would curb, gutter, and landscape the lot. This budget provides for funding for this estimate at \$90,000 in the event the county does not make other arrangements. More information, including the general design is included in Appendix F.

Pay Classification Study

In the FY2003-2004 budget, County Commissioners funded a job classification study. Funds amounting to \$125,000 (annualized \$250,000) were budgeted for a six months implementation beginning January 1, 2004. Condrey and Associates were selected in November 2003 to conduct the study. The final result reflects an annual cost of \$349,042. These numbers have been incorporated into the salary estimates in the departments. If any or all of this study were not approved, those salary lines would be reduced by that amount. Retroactive salaries to January 1st are not recommended and have not been incorporated into this report. The full implementation of this study would cost \$99,042 more than planned for in FY 2003-2004. The amount of salaries in the General Fund is \$266,625, the Solid Waste Fund is \$17,404, the Transit Fund is \$13,058, and the Tourism Development Fund is \$4,256. The Department of Social Services had the largest number of personnel affected by the study. These reclassifications were made by the Office of State Personnel. The county will be responsible for approximately 50% of the increase. The DSS increased salary cost was \$95,398 (State 50% \$47,699, county 50% \$47,699). The full study will be provided separately. The Executive Summary is included in Appendix G. The full report will be presented by Condrey and Associates during the budget work sessions. Recommendation of the study was to revise the county employees' longevity. A copy of the current plans and the proposed revisions are in Appendix G. The cost of the revised longevity plan is \$45,000. Coupled with the pay and classification study the total annual cost to the General Fund is \$311,625.

Water and Sewer Revolving Loan Fund

In 2002 Rutherford County Commissioners approved the extension of the Water and Sewer Extension Ordinance. Initially in FY 2002-2003, this was funded with 5% of the one cents sales tax. This was increased to 6% of the one cent sales tax in FY 2003-2004. The ongoing committee that makes recommendations on the ordinance and the projects to be funded includes members from the following agencies:

Broad River Water Authority (2)
Town of Spindale (1)
Town of Lake Lure (1)
Town of Ellenboro (1)
Concord Water System (1)
Town of Bostic (1)
Town of Rutherfordton (1)
Town of Forest City (3)
Rutherford County Health Department (1)
Rutherford County Economic Development (1)

In May 2003, the following projects totaling \$866,138 were approved to be funded by this program. Subsequently, the Town of Forest City has reduced their program funding from \$227,000 to \$75,000. This reduces year one projects to \$639,138. Based on these projects, the County Commissioners authorized on November 3, 2004 the making of an application for a loan to the Clean Water State Revolving Fund for \$547,388.

A brief update on the various programs is as follows:

The Broad River Water Authority projects are on hold pending the Foothills Project. The Cleghorn Mills Project will be accomplished via the Foothills Projects as well.

The Concord Community Water System project is moving forward via a change order to the Bostic/Sunshine Highway Project.

The Town of Forest City project is moving forward with the requested amount of \$75,000.

The Town of Bostic project is moving forward with the requested amount of \$33,275.00

The Town of Lake Lure project is on hold and the Town of Rutherfordton project is on hold.

At the April 2004 County Commissioner's meeting, a \$662,800 water system expansion was approved under the 50-50- rule making \$331,400 eligible for funding. Projects approved to date and their status is outlined below.

The Lake Lure (Ingles) Project is the only project funded in the 2004 cycle. That project is moving forward.

Currently, the county water and sewer fund is reflected in the charts below.

WATER AND SEWER SALES TAX FUND

FY 2003-2004 and prior years sales tax	Estimated June 30,2004	\$343,000
FY2004-2005 Sales Tax		\$206,696
Total		\$549,696

See additional charts in Appendix H

V. TAX RATE/PROPERTY VALUE

The county's current tax rate is 62 cents per hundred dollars of valuation. The fiscal year 2004-2005 budget is based on maintaining this same rate.

The County Commissioners have voted to alter the reappraisal process. Our next reappraisal will become effective in 2007 which will have been five years since the last project. Thereafter, we will begin a four year cycle of reappraisals beginning in 2011.

There are several variables that have significantly changed the property tax values in Rutherford County in the last several years. The first is the Homestead exemption. Income eligibility for this program is currently \$18,800 and annual increases to this figure are tied to Titles II and XVI of the Social Security Act. Deferrals on homesteads have also greatly impacted tax value as the deferral has increased to \$20,000 or fifty percent (50%) of the appraised value of a permanent residence owned and occupied by a qualifying owner. Also, the present use value reduction is estimated to increase this year from approximately \$68,000,000 in 2003-2004 to \$72,000,000 in 2004-2005.

The other area of concern for fiscal year 2004-2005 is the status of several local industrial operations that have faced significant challenges over the last year relating to bankruptcy, layoffs, liquidations and closings. Our findings are summarized in the chart below.

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* No Listing received for 2004

**** Outstanding 2003 Personal Property Tax Bill**

The major decline in the 2003-2004 budget figures was attributed to one major factor – loss due to a new and greatly accelerated textile equipment depreciation schedule. This change had its major impact during the 2003-04 fiscal year and will no longer make a drastic difference over a one year period. The chart above specifically recognizes most of the larger companies that have experienced differing types of economic distress over the past year. We estimate their cumulative personal property value loss to be approximately \$26,032,640.

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The 2004-2005 value estimates for all real, personal and business properties indicate an increase of \$ 35,887,434. The increase based on this figure would represent \$222,502 in property tax gain. Please keep in mind that a final, comprehensive audit of the business personal property listings has not been completed as of April 16, 2004.

VI. RUTHERFORD COUNTY FUND BALANCE

The chart below shows Rutherford County's fund balance available for appropriation approaching the State average and also the group average for counties our size. The growth of fund balance in FY02-03 (\$1,927,433) and the estimated growth in FY03-04 (\$1,128,963) totaling \$3,056,396 is attributable to greater than budgeted tax revenues and substantial growth in Jail fees paid by other counties and Emergency Medical Services collections. Expenses were lower than expected in Medicaid and Special Assistance to Adults. For the year ending June 30, 2004 it is estimated the county's contribution to DSS will be \$600,000 less than budgeted. A healthy fund balance goal allows the county to avoid cash flow problems and provide a cushion that is available in times such as we have experienced in the past with the loss of state reimbursements.

General Fund Balance Available for Appropriation per Audit 6/30/2003
\$6,806,018

FY2003-2004 Estimated Revenue Over Expense	1,128,963	
Estimated Fund Balance Available for Appropriation 6-30-2004		\$7,934,981
1. Averages percent fund balance for county units between 50,000 and 99,000.	17.68	
2. Statewide average fund balance	17.41	
3. Rutherford County's percent of fund balance		
General Fund	41,111,524	16.51
DSS other Revenue	6,950,615	
Total	48,062,139	
4. 25% operating expense		
Optimum reserve fund balance as recommended by Local Government Commission.		\$12,015,535
5. 8.33% operating expense ¹		\$4,005,018
Minimum reserve fund balance as mandated by Local Government Commission.		

¹ If the amount of the General Fund balance available for appropriation is less than 8% of the total expenditures in this fund, based upon Local Government Commission observation, tax levying governmental units have cash flow problems.

VII. BUILDING FUND

County building fund project expenditures in 2003-2004 are projected at \$78,000. The building projects recommended for the 2004-2005 budget total \$437,934 and are in Appendix A.

A five year projection of the building fund is in the chart below. This chart assumes \$250,000 of building fund projects is expended each year.

RUTHERFORD COUNTY BUILDING FUND CASH PROJECTION			
FISCAL YEARS 2004 TO 2009			
			1,110,480
		FY 06-07 Estimated Sales Tax	
		Contribution from Court Facilities	46,367
		Interest Earnings	1,200
			-
Fund Balance 6/30/03	663,241	FY 06-07 Debt Service	1,033,632
FY 03-04 Expense over Revenue	-74,415	FY 06-07 County Building Projects	-250,000
Estimated Fund Balance 6/30/04	588,826	Airport Grant Match	-8,334
2001 COP Balance	578,359	College Capital Projects	-78,000
TOTAL BUILDING CASH 6/30/04	1,167,185	TOTAL BUILDING CASH 6/30/07	286,382
FY 04-05 Estimated Sales Tax	1,026,701	FY 07-08 Estimated Sales Tax	1,154,899
Contribution from Court Facilities	46,367	Contribution from Court Facilities	46,367
Interest Earnings	1,500	Interest Earnings	1,500
	-		-
FY 04-05 Debt Service	1,038,249	FY 07-08 Debt Service	1,019,932
FY 04-05 County Building Projects	-351,600	FY 07-08 County Building Projects	-250,000
Airport Grant Match	-8,334	Airport Grant Match	-8,334
College Capital Projects	-78,000	College Capital Projects	-78,000
TOTAL BUILDING CASH 6/30/05	765,570	TOTAL BUILDING CASH 6/30/08	132,882
FY 05-06 Estimated Sales Tax	1,067,769	FY 08-09 Estimated Sales Tax	1,201,095
Contribution from Court Facilities	46,367	Contribution from Court Facilities	46,367
Interest Earnings	1,200	Interest Earnings	1,200
	-		-
FY 05-06 Debt Service	1,046,271	FY 08-09 Debt Service	1,008,002
FY 05-06 County Building Projects	-250,000	FY 08-09 County Building Projects	-250,000
Airport Grant Match	-8,334	Airport Grant Match	-8,334
College Capital Projects	-78,000	College Capital Projects	-78,000
TOTAL BUILDING CASH 6/30/06	498,301	TOTAL BUILDING CASH 6/30/09	37,208

During the budget work session in May/June an update on building proceeds will be provided.

VIII. EQUIPMENT AND VEHICLES LEASE PURCHASE

The list of equipment and vehicles requested follows in Appendix I. A more detailed explanation for many equipment items appears in the Department Information Book. For the recommended list of equipment and vehicles, there is \$126,600 debt service budgeted in 2004-2005. The debt service is estimated at 4% on \$857,610 for 36 months with payments starting in February 2005. The current year's lease purchase debt service budget is \$700,389. FY2004-2005 debt service budget is estimated at \$694,110. The amount of debt being retired is approximately the same as being borrowed.

The major item in this year's debt service is computer hardware and software. The FY 2003-2004 budget included funds to conduct a complete analysis of the county hardware and software short and long term needs. The County Commissioners approved \$14,000 on October 6, 2003 with a contract to the North Carolina Institute of Government Committee. This will be more thoroughly discussed during the budget workshops. The strategic plan is scheduled to be presented in early June.

IX. ZERO BASED BUDGETING

During budget formulation for FY 2004-2005, county departments were asked to prepare itemized and prioritized lists for travel and training, professional services, and part time salaries. Those can be found in individual departments budgets. Appendix J list those summary sheets for the above items.

Finally, every incremental expansion of county government each year is handled on a zero based budget basis. Each need is explained and the County Commissioners determine where expansion will occur.

X. RETIREE HEALTH INSURANCE

During last year's budget workshop, a brief discussion on retiree's health insurance was held. Also during this year, Rutherford County assumed the ongoing liability for the retirees from Rutherford-Polk Mental Health. An actuary study estimated this further liability for all employees to be \$965,000. The county accepted \$1,065,000 to meet this future cost. Based on the anticipated future cost of retiree's health insurance the Health Insurance Committee of the County has recommended changes in the retired employee's health insurance program. The Health Insurance Committee comprised of the Managers, HR Directors, and Finance Officers of the County and the Rutherford-Polk-McDowell Health Department. Information on this subject is in Appendix K.

XI. STATISTICAL PROFILE OF RUTHERFORD COUNTY BUDGET AND TAX RATE

A full detailed report from the North Carolina Association of County Commissioners entitled Budget Tax Survey 2003-2004 is attached in Appendix L.

These 2003-2004 selected examples from that survey offer a statistical glimpse of Rutherford County. This serves to provide statewide comparisons to Rutherford County. A brief analysis of these charts shows Rutherford County ranks 63 in population. The county's number of employees rank 50 and budgeted expenditures rank 52 and are 11 places lower than the population rank. The valuation per capita stands at 49 or right at the state mid point while the actual tax rate in the county is .62 cents with the state average at .674 cents. (58 cents average; Rutherford County 66 cents) to falling below the state average in this report (average .674 cents-Rutherford County 62 cents). Rutherford County continues to rank in the bottom half of counties in the tax levy per capita; yet, that number has risen to 34.

A brief review of the school related statistical profile show that Rutherford County is slightly below the state average in current expense per ADM (1132 average, Rutherford County 928). However, when the capita expense is factored with the building program that the county has undertaken, the county exceeds the state average (average 50; Rutherford County 74) and ranks 81 in the state.

Population

Name of County	Number	Rank out of 100
Tyrell	4,170	1

Rutherford	63,345	63
Mecklenburg	734,365	100
Average	84,698	

<u>Employees</u>		
Tyrell	52	1
Rutherford	349	50
Mecklenburg	4,919	100
Average	608	

<u>Budgeted Expenditure 2003-2004</u>		
Tyrell	\$ 4,108,871	1
Rutherford	46,171,006	52
Mecklenburg	994,369,203	100
Average	82,452,509	

<u>Tax Rate</u>		
Watagua	.35	1
Rutherford	.62	43
Washington	1.015	100
Average	.674	

<u>Valuation per capita</u>		
Robeson	\$ 29,551	1
Rutherford	60,718	49
Dare	178,699	100
Average	70,775	

<u>Tax Levy per Capita</u>		
Swain	212	1
Rutherford	376	34
Dare	965	100
Average	448	

<u>Local School System County Current Expense</u>		
Tyrrell	500,020	1
Rutherford	9,504,147	59
Mecklenburg	264,998,951	100
Average	18,648,419	

<u>Current Expense/ADM</u>		
Swain	287	1
Rutherford	928	41

Orange	3305	100
Average	1132	

<u>Debt Service/Expense/Capita</u>		
Avery/Hyde,Jones,Martin	0	1
Rutherford	74	81
Ashe	176	100
Average	50	

XII. TEN COUNTY DEPARTMENTAL SURVEY

The following chart represents the ten counties--five above and five below Rutherford County in population and their number of employees. Rutherford County has 349 full time employees or 5.55 per \$1,000 people. In total number of employees per 1000 population, Rutherford County is below the mean and median respectively. For the purpose of our survey we did not include employees of Health and Mental Health, who would have been included if they were single county departments. Also some counties have departments such as utilities which do not correspond to ours which can skew results. The total number of full time employees for the ten counties surveyed is as follows:

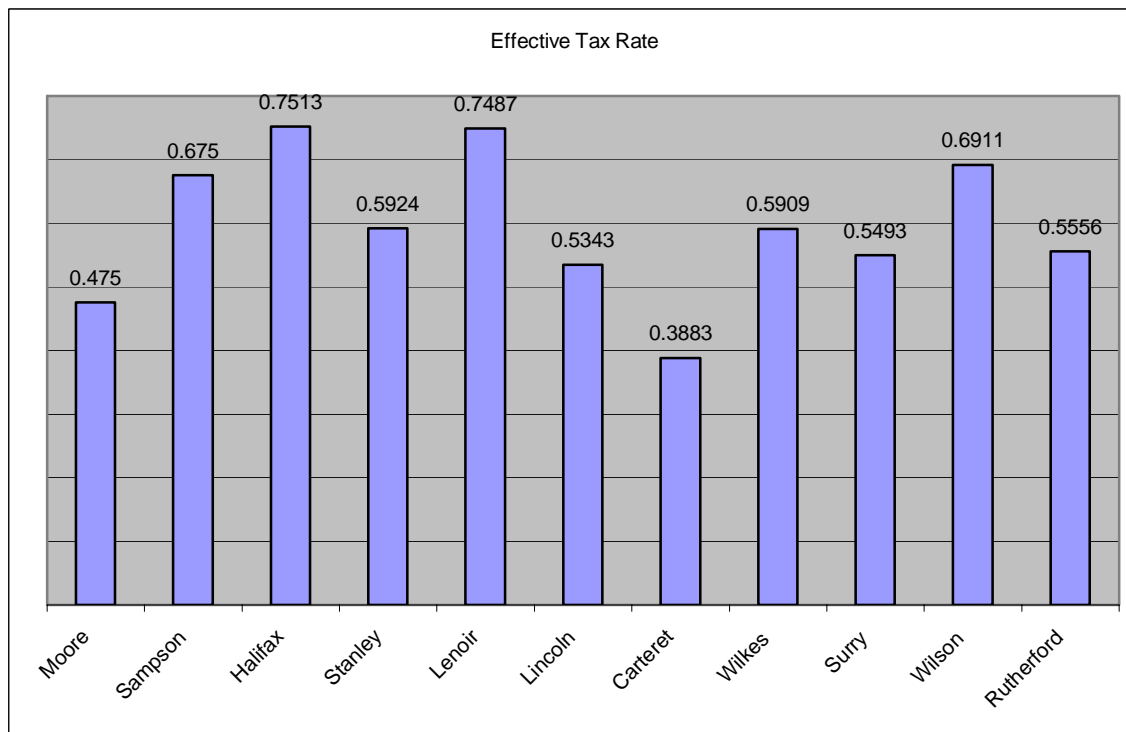
COUNTY EMPLOYEES

	Population	# of Employees	Employees/1,000 in population
Halifax	57,105	643	11.3
Stanly	58,974	440	7.5
Lenoir	59,294	428	7.2
Carteret	60,064	360	6.0
Sampson	61,768	521	8.4
Rutherford	63,345	349	5.5
Lincoln	66,598	481	7.2
Wilkes	66,660	401	6.0
Surry	72,028	555	7.7
Wilson	75,374	647	8.6
Moore	77,424	593	7.7

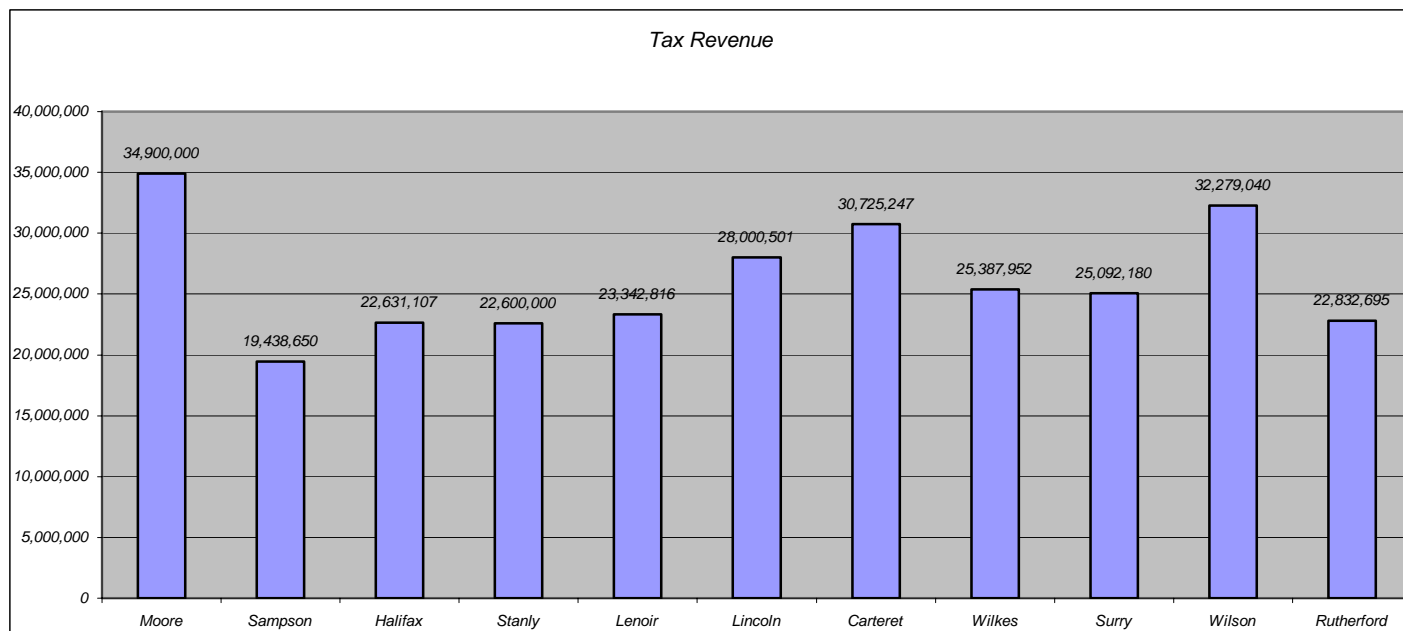
MEAN 7.6 MEDIAN 7.7

Three (3) other key factors on budget and tax are presented for your review-- Effective Tax Rate, Property Tax Revenue and Tax Levy Per Capita. These numbers were taken from the North Carolina Association of County Commissioners Final 2000-2001 Budget and Tax Survey Information. The report is also compiled from the information in Appendix M.

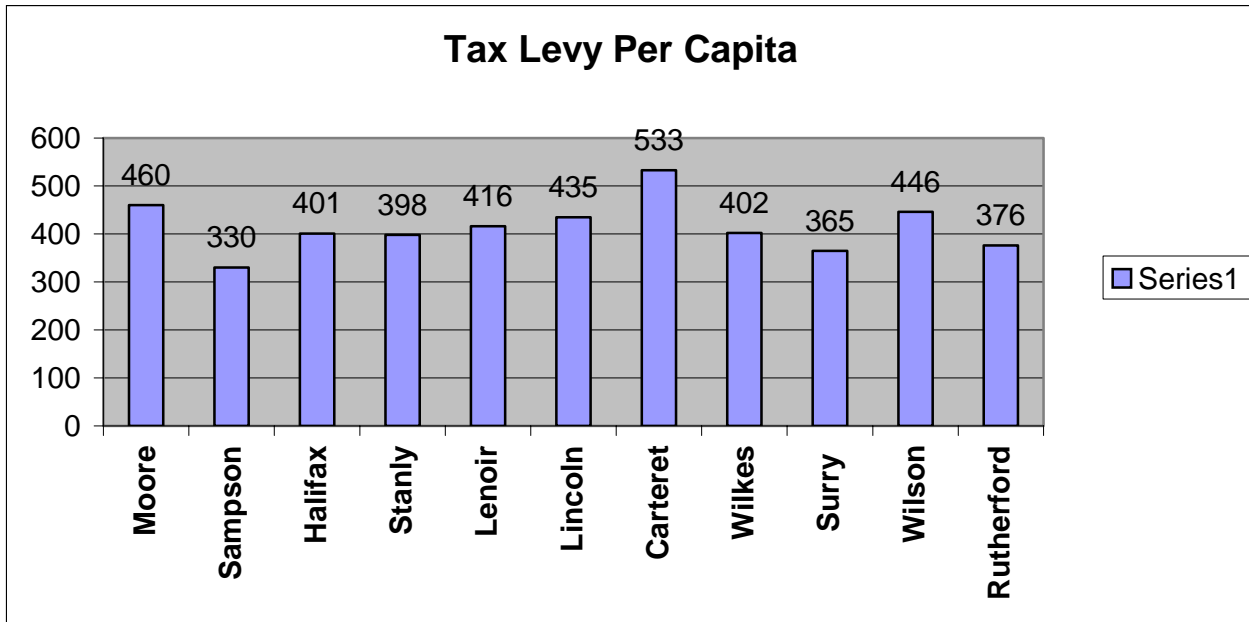
We compare the effective tax rate per \$100 of the eleven counties by multiplying the actual tax rate times the corresponding sales assessment ratio. Using this formula we compared Rutherford County to the ten counties in our survey and find that Rutherford County has the second lowest effective tax rate of the eleven counties in our survey. The mean average tax rate for the eleven counties is .5956 and the median is .5909.



The next analysis in this section is the property tax revenue and tax per capita. Rutherford County's property tax revenue is the fourth lowest of the eleven counties at \$122,832,695 and below the mean value which is \$22,983,194.



Rutherford County's property tax levy per capita is the third lowest, and below the mean average of \$414 and median of \$ 402.



XIII. DEPARTMENTAL COMPARISON

The county surveyed those ten counties of comparable size to determine a departmental comparison. Of the ten counties survey, five were returned.

Based on the survey results we questioned the comparability of three departments. These are Senior Center, Transit, and Tourism.

Many counties handle the Senior Center, Transit, and Tourism differently. It could be concluded from the survey that Rutherford County operates stronger and more active departments in these three areas than most counties. Tourism and Transit are both self-supporting departments that are handled differently in many counties.

Two departments-Detention and Tax - have higher than average employee numbers and budgets. In Detention the average capacity of the surveyed counties is 110 beds and Rutherford County's Detention Facility has 208 beds. This significantly impacts the Detention Center staff and budget numbers. Also Rutherford County does have offsetting revenue by housing and charging per diem fees for out of county inmates to alleviate some departmental expense.

Rutherford County's Tax Department includes E911 Addressing and GIS Mapping. This responsibility varies from county to county; however it is a factor in inflating Rutherford County's employee and budget number. Also Rutherford County has 48,000 parcels of property while the 10 counties surveyed average 38,876 parcels. Rutherford County is 24% higher than average. Parcel count is a direct correlation that influences work load in this department.

Six departments that fell well below both the mean and median in both employee number and budget—Library, Communications, Register of Deeds, Solid Waste, Social Services, and Administrative Offices.

Other Rutherford County departments for the most part are at or slightly below average compared to these ten counties in both mean and median for employees and budget. This document, if kept current, will serve as a good analytical tool to help make cross county comparison. See Appendix M–Ten County Departmental Comparison.

XIV. RECOMMENDED FY 2004-2005 GENERAL FUND REVENUES

RECOMMENDED FY 2004-2005 REVENUE BUDGET			
	FY 2003-04	FY 2003-04	FY 2004-05
	AMMENDED	ESTIMATE	RECOMMENDED
REVENUE SOURCE	BUDGET	REVENUE	BUDGET
PENALTIES & INTEREST	222,500	69,372	241,000
PRIOR YEAR TAX	775,000	800,000	825,000
CURRENT YEAR TAX	22,669,495	22,904,169	23,116,970
1% SALES TAX	3,489,874	3,489,874	3,634,200
1/2% SALES TAX (ART 40)	2,589,420	2,589,420	2,589,420
1/2% SALES TAX (ART 42)	2,566,752	2,566,752	2,566,752
ADDITIONAL 1/2% SALES TAX	1,987,319	1,987,319	1,987,319
RENTAL VEHICLE GROSS RECEIPTS	8,000	6,400	6,400
REG OF DEEDS EXCISE STAMPS	175,000	205,900	205,900
ABC BOTTLE TAX	9,000	9,000	9,000
COURT JAIL FEES	36,000	45,000	45,000
DUI SAFE ROADS ACT	6,300	7,000	7,000
COURT OFFICER FEES	40,000	44,300	44,300
COURT FACILITY FEES	145,000	145,000	145,000
COURT FACILITIES RENT	5,400	5,400	5,400
NC DEPT OF CORRECTIONS	65,000	225,000	225,000
US MARSHALL JAIL FEES	0	180	0
HOUSING TRANSIT PRISONERS	1,000	200	0
JAIL TELEPHONE	25,000	33,600	33,600
DETENTION FEES-OTHER COUNTIES	452,732	764,000	585,000
SEWER TAP FEES	0	500	0
MARRIAGE LICENSE	9,500	12,000	12,000
INSPECTION FEES	317,850	316,000	319,000
MAP SALES	17,000	18,000	20,000
SALE OF COUNTY PROPERTY	30,000	15,000	30,000
ELECTIONS	30,250	24,250	27,640
REG OF DEEDS OTHER REV	350,000	425,000	450,000
DATA PROCESSING SERVICES	63,500	61,500	61,500
SHERIFF DEPT RECEIPTS	50,765	42,891	19,200
EMG MANAGEMENT	12,000	26,404	12,000
EMS BILLINGS	881,575	871,389	866,920
ANIMAL CONTROL	27,195	25,500	25,500
STATE SHARE-SOIL & WATER	24,000	26,000	28,000
STONECUTTER LITTLE LEAGUE GRANT	3,000	3,000	0
RURAL INTERNET GRANT-EDC	4,480	4,480	0
GOVERNMENT WEB SITE GRANT-EDC	17,500	17,500	0
SENIOR CENTER TITLE III	112,110	110,258	110,258
SENIOR CENTER STATE GRANT	5,109	5,134	5,000
GENERAL TRANS TITLE III	19,521	19,521	18,682
DONATIONS	600	100	100

UNITED WAY HOME DEL MEALS	32,583	34,000	30,000
SENIOR CENTER OUTREACH	0	700	1,176
HOME DELIVERED MEALS	84,150	76,067	82,955
CONGREGATE MEALS	185,220	174,488	203,843
	FY 2003-04	FY 2003-04	FY 2004-05
	AMMENDED	ESTIMATE	RECOMMENDED
	BUDGET	REVENUE	BUDGET
SEN CTR HEALTH SCREENING	11,997	8,846	12,640
REVENUE SOURCE			
VETERANS OFFICE	2,000	2,000	2,000
JCPC	199,765	206,989	177,540
LIBRARY AID	148,878	148,728	140,470
INTEREST ON INVESTMENTS	300,000	285,000	158,000
911 MONITORING FEE	90,000	144,000	144,000
CABLE TV FRANCHISE FEES	0	22,234	22,300
AIRPORT RENT	22,500	21,911	21,500
TRACKER LEASE	16,596	18,617	18,617
MISC REVENUE	57,775	100,508	61,414
CAPITAL LEASES	767,446	767,335	938,855
CONTRIBUTION SCHOOL CAP RES	350,380	350,380	212,400
CONTRIBUTION BUILDING RESERVE	336,355	78,000	429,600
CONTRIBUTION SOLID WASTE	44,635	44,635	44,635
CONTRIBUTION TOURISM	7,500	7,500	7,500
CONTRIBUTION TRANSIT	5,000	5,000	5,000
FUND BALANCE	906,177	0	119,018
COURT FACILITIES FUND BALANCE	0	0	0
TOTAL GENERAL FUND	40,813,704	40,419,251	41,111,524
DSS FEDERAL/STATE REVENUE	7,001,624	6,950,615	6,950,615
GRAND TOTAL BOTH FUNDS	47,815,328	47,369,866	48,062,139

XV. RECOMMENDED FY 2004-2005 GENERAL FUND EXPENDITURES

FY 2004-2005 RECOMMENDED GENERAL FUND EXPENSE BUDGET				
	FY 2003-2004	FY 2004-2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
GOVERNING BODY				
SALARY/BENEFITS	161,168	169,825	169,825	
OPERATING	69,644	77,394	70,153	
CAPITAL	10,995	21,500	9,500	
TOTAL	241,807	268,719	249,478	7,671
SPECIAL APPROPRIATIONS				
RETIRED EMPLOYEES INSURANCE	103,158	108,592	108,592	
STONECUTTER LITTLE LEAGUE CONT	3,000	0	0	
VIETNAM WALL CONTRIBUTION	2,500	0	0	
JCPC PSYCHOLOGICAL SVS TO COURT	6,500	6,500	6,500	
COURT ORDERED PARENTING	2,400	2,400	2,400	
JCPC (ALL RECIPIENT AGENCIES)	167,868	167,868	167,868	
JCPC PRIOR YEAR	22,225	0	0	
RUTHERFORD COUNTY TRAFFIC CONTROL	6,183	16,665	6,430	
WESTERN NC DEVELOPMENT ASSOC	2,576	2,500	2,500	
RUTHERFORD SEARCH & RESCUE	1,000	2,000	1,040	
FUTURE FORWARD	3,167	0	0	
IPDC DUES	11,130	11,130	11,130	
VOLUNTEER RUTHERFORD	600	600	600	
RUTHERFORD RESCUE OPERATIONS	30,135	33,635	31,340	
RUTHERFORD RESCUE CAPITAL	23,703	27,600	24,651	
VOUNTEER LIFE LEASE PURCHASE	0	81,245	81,245	
HNG OPERATIONS	83,313	114,500	86,645	
HNG CAPITAL	10,306	0	0	
VOLUNTEER LIFESAVING OPERATIONS	25,603	30,000	26,627	
VOLUNTEER LIFESAVING CAPITAL	23,703	31,020	24,651	
RUTHERFORD CO AIR RESCUE	4,000	5,000	4,160	
COPS ADMINISTRATIVE FEE	5,000	5,071	5,071	
STATE GRANT BECHTLER MINT	4,018	4,018	4,018	
RURAL DEVELOPMENT	3,000	3,000	3,000	
COUNTY HISTORIAN	6,000	6,000	6,000	
INSURANCE POOL	300,741	329,933	329,933	
JCPC ADMINISTRATION	7,385	7,385	7,385	
225 ANNIVERSITY STATE GRANT	5,000	0		
GRASSROOTS ST GRANT	1,899	0	0	
TOTAL	866,113	996,662	941,786	75,673
COUNTY MANAGER				
SALARY/BENEFITS	94,325	95,073	95,073	
OPERATING	14,308	14,653	13,699	
CAPITAL	0	0	0	
TOTAL	108,633	109,726	108,772	139

	FY 2003- 2004	FY 2004- 2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
HUMAN RESOURCES				
SALARY/BENEFITS	80,679	82,467	82,467	
OPERATING	68,493	25,705	25,549	
CAPITAL	0	0	0	
TOTAL	149,172	108,172	108,016	(41,156)
FINANCE				
SALARY/BENEFITS	261,013	265,153	265,153	
OPERATING	72,766	64,108	64,006	
CAPITAL	0	0	0	
TOTAL	333,779	329,261	329,159	(4,620)
TAX SUPERVISOR				
SALARY/BENEFITS	544,120	607,221	540,031	
OPERATING	100,970	112,008	107,103	
CAPITAL	20,000	29,875	25,875	
TOTAL	665,090	749,104	673,009	7,919
TAX COLLECTOR				
SALARY/BENEFITS	223,934	269,455	233,191	
OPERATING	38,825	44,550	37,711	
CAPITAL	1,800	0	0	
TOTAL	264,559	314,005	270,902	6,343
LEGAL	44,225	58,300	58,300	14,075
COURT FACILITY	146,317	139,867	139,867	(6,450)
BOARD OF ELECTIONS				
SALARY/BENEFITS	137,406	168,297	168,297	
OPERATING	60,775	65,119	64,945	
CAPITAL	0	50,000	50,000	
TOTAL	198,181	283,416	283,242	85,061
REGISTER OF DEEDS				
SALARY/BENEFITS	192,300	229,464	200,534	
OPERATING	57,825	57,395	57,010	
CAPITAL	0	13,792	0	
TOTAL	250,125	300,651	257,544	7,419
INFORMATION RESOURCES MNGT				
SALARY/BENEFITS	196,627	210,571	210,571	
OPERATING	199,116	166,539	160,933	
CAPITAL	100,000	398,695	398,695	
TOTAL	495,743	775,805	770,199	274,456

	FY 2003-2004	FY 2004-2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
GARAGE				
SALARY/BENEFITS	84,163	87,624	87,624	
OPERATING	7,865	8,222	6,812	
CAPITAL	0	0	0	
TOTAL	92,028	95,846	94,436	2,408
MAINTENANCE ADMINISTRATION				
SALARY/BENEFITS	529,566	550,477	550,477	
OPERATING	139,674	150,013	148,378	
CAPITAL	43,670	14,500	14,500	
TOTAL	712,910	714,990	713,355	445
BUILDINGS				
OPERATING	345,941	327,610	427,012	
CAPITAL	258,355	637,352	351,600	
TOTAL	604,296	964,962	778,612	174,316
SHERIFF				
SALARY/BENEFITS	2,691,327	3,020,129	2,970,025	
OPERATING	330,407	359,009	331,954	
CAPITAL	262,000	163,654	163,654	
TOTAL	3,283,734	3,542,792	3,465,633	181,899
NARCOTICS TASK FORCE	0	9,384	9,384	9,384
DETENTION CENTER				
SALARY/BENEFITS	1,262,185	1,354,984	1,318,329	
OPERATING	373,629	405,924	403,424	
CAPITAL	7,100	0	0	
TOTAL	1,642,914	1,760,908	1,721,753	78,839
COMMUNICATIONS				
SALARY/BENEFITS	469,303	523,722	523,722	
OPERATING	94,285	101,067	90,329	
CAPITAL	27,532	29,411	29,411	
TOTAL	591,120	654,200	643,462	52,342
BUILDING INSPECTOR				
SALARY/BENEFITS	428,966	417,042	417,042	
OPERATING	23,888	25,482	24,799	
CAPITAL	22,500	41,900	41,900	
TOTAL	475,354	484,424	483,741	8,387
MEDICAL EXAMINER/CORONER	37,400	41,400	41,400	4,000

	FY 2003- 2004	FY 2004- 2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
EMS				
SALARY/BENEFITS	1,254,472	1,333,719	1,291,719	
OPERATING	213,622	351,202	197,202	
CAPITAL	192,000	133,000	133,000	
TOTAL	1,660,094	1,817,921	1,621,921	(38,173)
ANIMAL CONTROL				
SALARY/BENEFITS	131,464	140,210	140,210	
OPERATING	69,200	57,893	58,127	
CAPITAL	23,575	23,575	23,575	
TOTAL	224,239	221,678	221,912	(2,327)
AIRPORT				
SALARY/BENEFITS	1,338	0	0	
OPERATING	45,700	50,450	50,250	
CAPITAL	0	0	0	
TOTAL	47,038	50,450	50,250	3,212
WATERSHED				
OPERATING	15,550	15,550	15,550	-
FORESTRY	57,493	61,258	61,258	3,765
ECONOMIC DEVELOPMENT				
SALARY/BENEFITS	192,259	290,895	174,982	
OPERATING	740,658	606,789	583,884	
CAPITAL	546,744	24,649	0	
TOTAL	1,479,661	922,333	758,866	(720,795)
COOPERATIVE EXTENSION				
SALARY/BENEFITS	147,705	146,586	146,586	
OPERATING	13,765	16,673	16,147	
CAPITAL	0	0	0	
TOTAL	161,470	163,259	162,733	1,263
FARMERS MARKET				
SALARY/BENEFITS	1,655	1,791	1,791	
OPERATING	507	507	457	
CAPITAL	0	0	0	
TOTAL	2,162	2,298	2,248	86
SOIL & WATER				
SALARY/BENEFITS	77,681	81,213	81,213	
OPERATING	19,110	19,942	19,823	
CAPITAL	0	0	0	
TOTAL	96,791	101,155	101,036	4,245
HEALTH DEPT	241,578	246,410	246,410	4,832

	FY 2003- 2004	FY 2004- 2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
MENTAL HEALTH	111,168	111,168	111,168	-
SENIOR CENTER				
SALARY/BENEFITS	119,767	200,963	118,411	
OPERATING	62,894	51,845	51,581	
CAPITAL	0	0	0	
TOTAL	182,661	252,808	169,992	(12,669)
HOME DELIVERED MEALS				
SALARY/BENEFITS	41,521	47,193	47,193	
OPERATING	56,090	60,242	60,242	
CAPITAL	0	0	0	
TOTAL	97,611	107,435	107,435	9,824
CONGREGATE MEALS				
SALARY/BENEFITS	107,651	113,290	113,290	
OPERATING	98,134	99,239	99,017	
CAPITAL	0	0	0	
TOTAL	205,785	212,529	212,307	6,522
HEALTH SCREENING				
SALARY/BENEFITS	13,946	13,809	13,809	
OPERATING	6,413	6,691	6,691	
CAPITAL	0	0	0	
TOTAL	20,359	20,500	20,500	141
UNITED WAY MEALS				
SALARY/BENEFITS	0	0	0	
OPERATING	32,583	30,000	30,000	
CAPITAL	0	0	0	
TOTAL	32,583	30,000	30,000	(2,583)
VETERANS				
SALARY/BENEFITS	49,465	53,749	53,749	
OPERATING	1,821	4,280	4,280	
CAPITAL	1,849	0	0	
TOTAL	53,135	58,029	58,029	4,894
PUBLIC SCHOOLS	9,504,147	10,506,927	9,884,313	380,166
SCHOOL CAPITAL OUTLAY	350,380	212,400	212,400	(137,980)
ISOTHERMAL COMMUNITY COLLEGE				
CURRENT EXPENSE	1,379,202	1,581,275	1,434,370	
CAPITAL	78,000	228,000	78,000	
TOTAL	1,457,202	1,809,275	1,512,370	55,168

	FY 2003- 2004	FY 2004- 2005	FY 2004-2005	NET CHANGE
	BUDGET	REQUEST	RECOMMENDED	
LIBRARY				
SALARY/BENEFITS	248,914	286,380	257,450	
OPERATING	153,233	109,423	119,498	
CAPITAL	11,300	25,774	25,774	
TOTAL	413,447	421,577	402,722	(10,725)
DEBT SVS CAP LEASES	700,389	694,110	694,110	(6,279)
LONGEVITY/PART TIME COL	0	57,000	57,000	57,000
TRANS TO SCHOOL CAP RES	4,129,471	4,129,471	4,129,471	-
TRANS TO REVALUATION RES	230,293	260,000	260,000	29,707
TRANS TO COUNTY BLDG RES	1,026,701	1,026,701	1,026,701	-
TRANS TO GRANT FUND WATER/SEWER	22,000	0	0	(22,000)
TRANS TO REG OF DEEDS FUND	53,450	53,450	53,450	-
CONTRIBUTION TO DSS	6,616,650	6,630,952	6,630,952	14,302
TRANS TO WATER & SEWER FUND	206,696	206,696	206,696	-
TRANS TO CAPITAL PROJECTS FUND	0	0	0	-
CONTINGENCY	85,000			(85,000)
CONTINGENCY PAY RAISE		201,400	0	-
CONTINGENCY HEALTH INSURANCE		-52,326	-52,326	
CONTINGENCY PAY STUDY	125,000	0	0	(125,000)
TOTAL GENERAL FUND	40,813,704	43,198,008	41,111,524	297,820
				-
DSS FEDERAL/STATE EXPENSE	7,001,624	6,950,615	6,950,615	(51,009)
				-
GRAND TOTAL BOTH FUNDS	47,815,328	50,148,623	48,062,139	246,811

XVI. FY 2004-2005 GENERAL FUND REVENUE BY DESIGNATED DEPARTMENT

REVENUE SOURCE	AMOUNT	DEPARTMENT	TOTAL
AIRPORT RENT	21,500	Airport	21,500
ANIMAL CONTROL	25,500	Animal Control	25,500
CONTRIBUTION BUILDING RESERVE	429,600	Buildings	429,600
CAPITAL LEASES	938,855	Capital Outlay	938,855
CBA	177,540	CBA	177,540
911 MONITORING FEE	144,000	Communications	144,000
CONGREGATE MEALS	203,843	Cong Meals	203,843
COURT OFFICER FEES	44,300	Ct Facilities	
COURT FACILITY FEES	145,000	Ct Facilities	
COURT FACILITIES RENT	5,400	Ct Facilities	194,700
NC DEPT OF CORRECTIONS	225,000	Detention	
US MARSHALL JAIL FEES	0	Detention	
HOUSING TRANSIT PRISONERS	0	Detention	
JAIL TELEPHONE	33,600	Detention	
DETENTION FEES-OTHER COUNTIES	585,000	Detention	843,600
E-COMMERCE PLANNING GRANT	0	EDC	
EDC GRANT	0	EDC	
ELECTIONS	27,640	ELECTIONS	27,640
EMG MANAGEMENT	12,000	Emg Man	
EMS BILLINGS	866,920	Emg Man	878,920
PENALTIES & INTEREST	241,000	Gen Fd	
PRIOR YEAR TAX	825,000	Gen Fd	
CURRENT YEAR TAX	23,116,970	Gen Fd	
1% SALES TAX	3,634,200	Gen Fd	
ADDITIONAL 1/2% SALES TAX (NEW)	1,987,319	Gen Fd	
RENTAL VEHICLE GROSS RECEIPTS	6,400	Gen Fd	
SALE OF COUNTY PROPERTY	30,000	Gen Fd	
INTEREST ON INVESTMENTS	158,000	Gen Fd	
CABLE TV FRANCHISE FEES	22,300	Gen Fd	
TRACKER LEASE	18,617	Gen Fd	
MISC REVENUE	60,575	Gen Fd	
CONTRIBUTION SOLID WASTE	44,635	Gen Fd	
CONTRIBUTION TOURISM	7,500	Gen Fd	
CONTRIBUTION TRANSIT	5,000	Gen Fd	
FUND BALANCE	119,018	Gen Fd	30,276,534
HOME DELIVERED MEALS	82,955	HD Meals	82,955
SEN CTR HEALTH SCREENING	12,640	Health Screening	12,640
INSPECTION FEES	319,000	Inspections	319,000
DATA PROCESSING SERVICES	61,500	IRM	61,500
LIBRARY STATE AID/FINES/SALES	140,470	Library	140,470
ABC BOTTLE TAX	9,000	Mental Health	9,000
REG OF DEEDS EXCISE STAMPS	205,900	Reg of Deeds	
MARRIAGE LICENSE	12,000	Reg of Deeds	
REG OF DEEDS OTHER REV	450,000	Reg of Deeds	667,900
1/2% SALES TAX (ART 40)	2,589,420	Capital Res-1/2 cent	

1/2% SALES TAX (ART 42)	2,566,752	Capital Res-1/2 cent	5,156,172
CONTRIBUTION SCHOOL CAP RES	212,400	Schools	212,400
REVENUE SOURCE	AMOUNT	DEPARTMENT	TOTAL
SENIOR CENTER TITLE III	110,258	Senior Center	
SENIOR CENTER STATE GRANT	5,000	Senior Center	
SENIOR CENTER GAMES ST GRANT	0	Senior Center	
GENERAL TRANS TITLE III	19,521	Senior Center	
DONATIONS	100	Senior Center	
SENIOR CENTER OUTREACH	1,176	Senior Center	136,055
COURT JAIL FEES	45,000	Sheriff	
DUI SAFE ROADS ACT	7,000	Sheriff	
SHERIFF DEPT RECEIPTS	19,200	Sheriff	71,200
SOIL & WATER	28,000	Soil & Water	28,000
MAP SALES	20,000	Tax	20,000
UNITED WAY HOME DEL MEALS	30,000	United Way Meals	30,000
VETERANS OFFICE	2,000	Veterans	2,000
	41,111,524		41,111,524

XVII. OTHER FUNDS

County Building/School Funds

If the Board approves, the unexpended 2004-2005 balances will be rebudgeted.

Register of Deeds (ROD) Automation Enhancement Fund

The ROD Enhancement Fund was established by the General Assembly to provide a dedicated revenue source for ROD hardware and software expenses. The fund is to receive 10% of the ROD revenue. For FY 2004-2005 this is estimated to be \$53,450. The Register of Deeds has requested a computer system upgrade for \$170,000. This budget includes \$170,000 for this upgrade to be lease purchased for a 3 year period at 4%.

Estimated revenues and expenses for this fund are:

REVENUES

Transfer from General Fund	\$ 53,450
Proceeds of Capital Lease	<u>\$170,000</u>
Total	\$223,450

EXPENSES

Capital Outlay System Upgrade	\$170,000
Debt Service	\$ 25,095
Reserved for Future Projects	<u>\$ 28,355</u>
Total	\$223,450

E-911

The two main revenue streams in the E911 budget are the 98 cents landline surcharge, which is determined locally, and a State established 80 cents wireless surcharge. In FY 2004-2005 we estimate that these two revenues will generate \$ 387,000 and \$120,000, respectively.

The 80 cents surcharge, which is collected by the State, was established to fund Wireless Enhanced 911 systems. Sixty percent of the collections is designated for reimbursement of costs incurred by wireless carriers and forty percent is designated for Public Service Access Points (which the County is).

Revenues and Expenses for the E911 Fund are:

REVENUES

Landline Collections	\$387,000
Private Road Signs	2,000
Wireless Collections	120,000
Proceeds for Capital Lease	129,500
Fund Balance Appropriated	<u>24,191</u>
Total Revenues	\$662,691

EXPENSES

<u>Landlines</u>	
Salaries/Fringe	\$122,872
Private Road Signs	12,000
Telephone Expense	54,720
Software/Hardware Maintenance	75,141
Mapping Project	100,000
Operations	16,365
Capital Outlay	77,700
Debt Service	<u>43,067</u>
Total Landlines	\$501,865

<u>Wireless</u>	
Salaries/Fringe	\$ 34,407
Telephone Expense	36,480
Software Maintenance	9,427
Capital and Outlay	51,800
Debt Service	<u>28,712</u>
Total Wireless	\$ <u>160,826</u>
Total Expense	\$ 662,691

Grant Fund

The recommended FY 2004-2005 grant fund is comprised of the following continuing grants:

Airport Improvements

High School Resource Officer

Clean Water Trust Grant

Estimated revenues and expenses for these grants are:

REVENUES

Rutherford County School Board	\$138,448
Clean Water Trust Grant	196,656
Airport Grants	150,000
County Airport Match	<u>8,333</u>
Total Revenues	\$ 493,437

EXPENSES

High School Resource Officers	138,448
Clean Water Trust Project	196,656
Airport Projects	<u>158,333</u>
Total Expenses	\$493,437

If the Board approves, carry over balances from 2003-2004 grants will be rebudgeted with June 30, 2004 unexpended balances.

Reappraisal/Mapping Fund

The FY 2004-2005 Revenues and Expenses for the Reappraisal/Mapping Fund are as follows:

REVENUES:

Transfer from General Fund	\$ 260,000
Fund Balance Appropriated	\$ <u>21,859</u>
Total Revenue	\$ 281,859

EXPENSES:

<u>Reappraisal</u>	
Salary/Fringe	\$185,998
Reappraisal Contract	8,000
Operating	38,000
Capital Outlay	1,000
Software	<u>5,000</u>
Total Reappraisal	\$237,998
<u>Mapping</u>	
Part time salaries	\$ 2,391
Professional Services	14,000
Programming Services	3,000
Operations	20,470
Capital Outlay	<u>4,000</u>
Total Mapping	<u>\$ 43,861</u>
Total Expenses	\$281,859

The reappraisal budget includes four full-time employees.

The majority of the \$43,861 mapping budget is in professional services (\$14,000) and operations (\$20,470) A summary of the Mapping Project to date is as follows:

Estimated Total Mapping Project	<u>\$1,346,892</u>
FY 1996-1997 Actual Expenditures	\$60,642
FY 1997-1998 Actual Expenditures	141,457
FY 1998-1999 Actual Expenditures	530,288
FY 1999-2000 Actual Expenditures	291,287
FY 2000-2001 Actual Expenditures	143,043
FY 2001-2002 Actual Expenditures	20,991
FY 2002-2003 Actual Expenditures	13,271
FY 2003-2004 Estimated Expenditures	23,563
FY 2004-2005 Budget Request	43,861
Estimated Cost as of June 30, 2005	<u>\$1,268,403</u>

Transit Fund

The Transit Advisory Board has submitted the following budget:

REVENUES

Elderly & Handicap Funds	\$ 54,621
Receipts from riders	5,500
State Administration Grant	128,000
State Capital Equipment Grant	8,000
State Vehicle Grant	85,500
Other State Grants	40,739
Sale of Property	6,000
Advertising	5,000
Contribution from Outside Agencies	<u>355,860</u>
Total Revenues	\$ 689,220

EXPENSES

Salaries/Fringe	\$ 447,619
Operations (other than below)	45,930
Vehicle Replacement	95,000
Capital Outlay	8,840
Fuel	55,000
Insurance	31,831
Transfer to General Fund	<u>5,000</u>
Total Expenses	\$689,220

There are no county funds budgeted for Transit. The fund generates revenues from its users and from grants made by the state and federal governments.

Solid Waste

The proposed Solid Waste budget is based on a county operated Construction and Demolition (C&D) landfill with Municipal Solid Waste (MSW) and Industrial Solid Waste being disposed of in an out of county landfill at a cost of \$30.52 per ton. It is estimated that 64,797 tons of waste will be processed during fiscal year 2004-2005 and that 79% of this waste stream will be hauled out of the county. Therefore, \$1,562,311 is budgeted for contracted waste disposal. This expense makes up 46% of the solid waste fund \$3,378,000 budget.

The revenue for the solid waste fund comes from a \$37 per ton tipping fee and a \$100 annual household user fee for those county residents who do not reside in a municipality. These fees are unchanged from fiscal year 2003-2004.

The budget contains funding to operate eight convenience centers and two manned green box sites. Operating hours are:

6 AM – 8 PM Monday-Friday

8 AM – 8 PM Saturday

1 PM – 6 PM Sunday

A recap of Revenues and Expenses for the Solid Waste Fund are as follows:

REVENUES

Household User Fees	\$1,650,000
Tipping Fees	1,505,000
Recycling Revenues	43,000
Tire Disposal	99,000
White Goods	45,000
Interest Earnings	34,500
License Fees	1,100
Litter Violation Fee	<u>400</u>
Total Revenues	\$3,378,000

EXPENSES

Collections

Salaries/Fringe	\$ 715,070
Operations	126,953
Convenience Center Construction	-0-
Debt Service	<u>145,732</u>
Total Collections	\$ 987,755

Disposal

Salaries/Fringe	\$ 314,585
Waste Disposal Contract	1,562,311
Contribution to the General Fund	44,635
Operations	468,714
Capital Outlay	-0-
Lined Landfill Project	<u>-0-</u>
Total Disposal	<u>\$ 2,390,245</u>
Total Expense	\$ 3,378,000

TOURISM

Based on a continued 3% occupancy tax the Tourism Development Authority Board has presented the following budget:

REVENUES

Occupancy Tax	\$269,000
Visitor Center Advertising	2,500
Miscellaneous Revenue	8,000
Interest	<u>500</u>
Total Revenues	\$280,000

EXPENSES

Salaries/Fringe	\$102,120
Advertising/Marketing	93,000
Printing/Postage	23,500
Visitor Center Expense	12,750
Capital Outlay	2,500
Transfer to General Fund	7,500
Operations	<u>38,630</u>
Total Expenses	\$280,000

Special Districts

It is not possible to provide special district's requests at this time. We have asked the special districts be completed on or before May 10, 2004. We will provide you with these requests as soon as they are available.

XVIII. SUMMARY OF RECOMMENDED BUDGETS FOR ALL FUNDS

General Fund	\$41,111,524
E911 Addressing Fund	662,691
ROD Automation Enhancement	223,450
Grant Fund	493,437
Reappraisal/Mapping Fund	281,859
Water/Sewer Fund	206,696
Schools Capital Reserve Fund	4,680,389
County Building Reserve Fund	1,575,585
Debt Service Fund	6,056,837
Transit Fund	689,220
Solid Waste Fund	3,378,000
Tourism Fund	<u>280,000</u>
 GRAND TOTAL ALL FUNDS	 \$59,639,688

I would like to thank the county department heads for their work on their individual budgets and the survey. Also, I would like to individually recognize Rob Bole, Paula Roach, Judy Toney, Hazel Haynes and Debra Conner for their many hours in preparing this report.

Respectfully submitted,

**John W. Condrey
County Manager
May 3, 2004**

Copies of the recommended budget will be available in the Clerk to the Board's Office and the County Library for public review. Individuals desiring a personal copy may purchase them from the county for \$20. The approved budget will be available for purchase at a cost of \$25. Please order your copies from the Finance Office and allow five working days for delivery.